

# **Eversholt Rail (UK) Limited**

## **Unaudited, condensed interim financial statements for the 6 months ended 30 June 2014**

**Registered No: 06953114**

**Condensed interim financial statements**  
for the 6 months ended 30 June 2014

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**Condensed income statement**  
for the 6 months ended 30 June 2014

		<b>6 months ended</b>	
		<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Revenue</b>			
Maintenance income		30,833,286	27,156,395
Service charge income		6,623,351	6,462,500
Other income		403,049	538,372
<b>Total income</b>		<b>37,859,686</b>	<b>34,157,267</b>
Maintenance expense		(27,389,513)	(23,655,131)
<b>Gross profit</b>		<b>10,470,173</b>	<b>10,502,136</b>
Finance income	4	39,977,444	749,839
Finance expense	5	(37,676,078)	(921,639)
Administrative expense	6	(7,844,971)	(6,788,016)
<b>Profit before tax</b>		<b>4,926,568</b>	<b>3,542,320</b>
Taxation		(1,162,726)	(424,119)
<b>Profit for the period</b>		<b>3,763,842</b>	<b>3,118,201</b>

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 10 form an integral part of these financial statements.

**Condensed statement of comprehensive income**  
for the 6 months ended 30 June 2014

There has been no comprehensive income or expense other than the profit for the period as shown above (period ended 30 June 2013: nil).

**Condensed statement of financial position**  
as at 30 June 2014

	Notes	30 June 2014 £	31 December 2013 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	959,334	1,228,339
Deferred tax	8	417,540	348,277
Loans receivable	9	1,514,735,714	-
		<u>1,516,112,588</u>	<u>1,576,616</u>
<b>Current assets</b>			
Inventory		1,676,444	1,791,567
Trade and other receivables	10	10,968,342	9,210,042
Loans receivable	9	-	719,928,987
Current tax		-	84,958
Cash and cash equivalents		51,894,824	60,449,090
		<u>64,539,610</u>	<u>791,464,644</u>
<b>Total assets</b>		<u>1,580,652,198</u>	<u>793,041,260</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	10,101,338	9,375,647
Current tax		1,231,989	-
Borrowings	12	79,531,665	648,116,090
Provisions		167,124	167,124
		<u>91,032,116</u>	<u>657,658,861</u>
<b>Non-current liabilities</b>			
Borrowings	12	1,352,203,137	1,798,350
Deferred revenue	13	14,684,689	14,615,635
		<u>1,366,887,826</u>	<u>16,413,985</u>
<b>Total liabilities</b>		<u>1,457,919,942</u>	<u>674,072,846</u>
<b>Equity</b>			
Share capital		100,000,002	100,000,002
Retained earnings		22,732,254	18,968,412
<b>Total equity</b>		<u>122,732,256</u>	<u>118,968,414</u>
<b>Total equity and liabilities</b>		<u>1,580,652,198</u>	<u>793,041,260</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2014. They were signed on its behalf by:



**M B Kenny**  
Director

Company registration number: 06953114

**Condensed statement of cash flows**  
 for the 6 months ended 30 June 2014

	<b>6 months ended</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>£</b>	<b>£</b>
<b>Profit before tax</b>	<b>4,926,568</b>	<b>3,542,320</b>
Adjustments for:		
- Depreciation	267,540	236,720
- Write down in the value of inventory	115,123	115,123
- Loss on disposal of property, plant and equipment	1,465	-
- Finance income	(39,977,444)	(749,839)
- Finance expense	37,676,078	921,639
<b>Operating cash flow before changes in working capital</b>	<b>3,009,330</b>	<b>4,065,963</b>
- (Increase)/decrease in trade and other receivables	(1,758,300)	4,565,803
- Increase in trade and other payables	725,691	6,324,621
- Increase/(decrease) in deferred revenue	69,054	(1,865,883)
<b>Cash generated by operating activities</b>	<b>2,045,775</b>	<b>13,090,504</b>
Tax received/(paid)	84,958	(11,310,583)
<b>Net cash generated by operating activities</b>	<b>2,130,733</b>	<b>1,779,921</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	-	(34,169)
<b>Net cash utilised in investing activities</b>	<b>-</b>	<b>(34,169)</b>
<b>Financing activities</b>		
Loans raised	1,383,201,649	-
Dividend paid	-	(1,800,000)
Finance income received	39,977,444	749,839
Finance expense paid	(37,676,078)	(921,639)
Movement in working capital loan accounts	(1,396,188,014)	20,280,367
<b>Net cash (utilised in)/generated by financing activities</b>	<b>(10,684,999)</b>	<b>18,308,567</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,554,266)</b>	<b>20,054,319</b>
Cash and cash equivalents at beginning of the period	60,449,090	113,875,705
<b>Cash and cash equivalents at end of the period</b>	<b>51,894,824</b>	<b>133,930,024</b>

**Condensed statement of changes in equity**  
for the 6 months ended 30 June 2014

	Called up Share capital £	Retained earnings £	Total shareholders' equity £
<b>Balance at 1 January 2013</b>	100,000,002	19,039,753	119,039,755
Profit for the year	-	2,025,309	2,025,309
Dividend paid	-	(1,800,000)	(1,800,000)
Actuarial losses on defined benefit scheme after tax		(296,650)	(296,650)
<b>Balance at 31 December 2013</b>	<u>100,000,002</u>	<u>18,968,412</u>	<u>118,968,414</u>
	Share capital £	Retained earnings £	Total shareholders' equity £
<b>Balance at 1 January 2014</b>	100,000,002	18,968,412	118,968,414
Profit for the period	-	<u>3,763,842</u>	<u>3,763,842</u>
<b>Balance at 30 June 2014</b>	<u>100,000,002</u>	<u>22,732,254</u>	<u>122,732,256</u>

**Notes to the condensed interim financial statements**  
for the 6 months ended 30 June 2014

**1 General information**

Eversholt Rail (UK) Limited (the "Company") is a company incorporated and domiciled in England and Wales.

The registered office of the Company is 210 Pentonville Road, London, N1 9JY.

**2 Basis of preparation**

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

**2.1 Compliance with International Financial Reporting Standards**

The financial statements of Eversholt Rail (UK) Limited have been prepared on the historical cost basis.

The condensed interim financial report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 2013. This condensed interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements for the year ended 31 December 2013.

**2.2 Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**3 Summary of significant accounting policies**

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its financial statements for the year ended 31 December 2013.

**4 Finance income**

	6 months ended	
	30 June 2014	30 June 2013
	£	£
Interest on working capital loans	39,805,248	-
Bank interest	170,822	746,913
Other interest	1,374	2,926
	<u>39,977,444</u>	<u>749,839</u>

**5 Finance expense**

	6 months ended	
	30 June 2014	30 June 2013
	£	£
Interest on working capital loans	-	179,810
Finance charge payable to Eversholt Funding plc	37,676,078	741,829
	<u>37,676,078</u>	<u>921,639</u>

## Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2014

### 6 Administrative expense

Administrative expenses include the following:

	6 months ended	
	30 June 2014	30 June 2013
	£	£
Depreciation	267,540	236,720
Audit fees	10,268	10,268

### 7 Property, plant and equipment

	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>			
Balance at 1 January 2013	1,216,518	1,147,863	2,364,381
Additions	-	349,784	349,784
Disposals	(19,959)	-	(19,959)
Balance at 31 December 2013	1,196,559	1,497,647	2,694,206
Disposals	-	(1,465)	(1,465)
Balance at 30 June 2014	<u>1,196,559</u>	<u>1,496,182</u>	<u>2,692,741</u>
<b>Depreciation</b>			
Balance at 1 January 2013	512,983	473,820	986,803
Charge for the year	243,618	235,446	479,064
Balance at 31 December 2013	756,601	709,266	1,465,867
Charge for the period	120,762	146,778	267,540
Balance at 30 June 2014	<u>877,363</u>	<u>856,044</u>	<u>1,733,407</u>
<b>Net carrying value</b>			
Carrying value at 30 June 2014	<u>319,196</u>	<u>640,138</u>	<u>959,334</u>
Carrying value at 31 December 2013	<u>439,958</u>	<u>788,381</u>	<u>1,228,339</u>

### 8 Deferred tax

	30 June 2014 £	31 December 2013 £
Balance at beginning of the period/year	348,277	141,988
Income statement	69,263	127,939
Other comprehensive income: actuarial movement on retirement benefit obligations	-	78,350
Balance at end of the period/year	<u>417,540</u>	<u>348,277</u>

Temporary differences relate principally to accelerated capital allowances, depreciation and the actuarial adjustment in relation to the defined benefit pension scheme.

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 June 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the reporting date.



## Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2014

### 9 Loans receivable

	Current 30 June 2014 £	Non - current 30 June 2014 £	Current 31 December 2013 £	Non - current 31 December 2013 £
European Rail Finance Holdings Limited	-	2,169,544	-	-
Eversholt Finance Holdings Limited	-	5,815	5,272	-
European Rail Finance (2) Limited	-	-	666,534,619	-
European Rail Finance Limited	-	1,088,680,923	-	-
Eversholt Rail Holdings (UK) Limited	-	117,694,725	33,036,847	-
Eversholt Investment Limited	-	55,137,065	-	-
Eversholt Depot Finance (UK) Limited	-	15,699,229	831,440	-
European Rail Finance (GB) Limited	-	78,282,220	19,520,809	-
Eversholt Rail (380) Limited	-	157,066,193	-	-
	-	<u>1,514,735,714</u>	<u>719,928,987</u>	-

As a result of the Group's refinancing in November 2013, the terms of intragroup funding arrangements were revised to more closely align with the terms of the Group's external financing. The intragroup loans are classified as non-current as they are repayable on 4 November 2018. Borrowing entities may prepay and redraw loans until the repayment date (31 December 2013: the loans were unsecured and repayable on demand).

### 10 Trade and other receivables

	30 June 2014 £	31 December 2013 £
<b>Receivables no later than one year:</b>		
Trade receivables	5,334,936	854,010
Other receivables	518,281	518,693
Maintenance prepayment	4,134,404	6,965,202
VAT	980,721	872,137
	<u>10,968,342</u>	<u>9,210,042</u>

### 11 Trade and other payables

	30 June 2014 £	31 December 2013 £
Trade payables	3,478,812	2,169,048
Accruals	5,759,558	6,339,104
Other payables	562,968	567,495
Retirement benefit liability	300,000	300,000
	<u>10,101,338</u>	<u>9,375,647</u>

**Notes to the condensed interim financial statements (continued)**

for the 6 months ended 30 June 2014

**12 Borrowings**

	Current 30 June 2014 £	Non - current 30 June 2014 £	Current 31 December 2013 £	Non - current 31 December 2013 £
European Rail Finance Holdings Limited	-	-	431,540,798	-
European Rail Finance (2) Limited	-	2,203,138	-	-
European Rail Finance Limited	-	-	145,760,889	-
Eversholt Funding plc	4,135,970	-	3,284,320	-
Eversholt Funding plc – term loan	35,000,000	1,349,999,999	-	1,798,350
Eversholt Investment Limited	-	-	25,255,356	-
Eversholt Rail (365) Limited	40,395,695	-	36,519,717	-
Eversholt Rail (380) Limited	-	-	5,755,010	-
	<b>79,531,665</b>	<b>1,352,203,137</b>	<b>648,116,090</b>	<b>1,798,350</b>

The current element of Eversholt Funding plc – term loan of £35,000,000 is the drawn element of a £500,000,000 revolving credit facility committed until November 2018.

**13 Deferred revenue**

	30 June 2014 £	31 December 2013 £
Arising in respect of maintenance contracts	15,092,248	15,182,643
Maintenance reserve	(407,559)	(567,008)
	<b>14,684,689</b>	<b>14,615,635</b>

Rentals received in relation to future maintenance costs are deferred and released when these costs are incurred.

The deferred revenue arises in respect of the Company obligations in respect of maintenance contracts in certain leases.

**14 Capital commitments**

In respect of capital expenditure:

	30 June 2014 £	31 December 2013 £
Authorised and contracted	<b>385,000</b>	<b>220,000</b>

**15 Related party transactions**

The Company has entered into the following transactions with related parties:

Service charge income includes the following management fees receivable:

	6 months ended	
	30 June 2014 £	30 June 2013 £
European Rail Finance (GB) Limited	899,718	1,225,000
European Rail Finance Limited	5,338,572	4,670,000
Eversholt Rail (380) Limited	431,784	162,500
Eversholt Rail (365) Limited	266,472	362,500
Eversholt Depot Finance (UK) Limited	59,546	50,000

**Notes to the condensed interim financial statements (continued)**

for the 6 months ended 30 June 2014

**15 Related party transactions (continued)**

Maintenance income includes the following fees receivable for the procurement of maintenance:

	6 months ended	
	30 June	30 June
	2014	2013
	£	£
European Rail Finance Limited	6,129,627	4,266,318
European Rail Finance (GB) Limited	23,124,348	21,881,459
Eversholt Rail (365) Limited	3,169,632	2,260,560

Loan accounts are more fully described in notes 9 and 12. Interest receivable/(payable) on these loan accounts is described in notes 4 and 5.

£7,500 is payable to Eversholt Funding plc for funding services (6 months ended 30 June 2013: £7,500).

For the period ended 30 June 2014 no dividends were paid. For the period ended 30 June 2013, a dividend of £1,800,000 was paid to Eversholt Rail Holdings (UK) Limited.

**16 Contingent liabilities**

There were no contingent liabilities for the Company at 30 June 2014.

**17 Subsequent events**

There are no subsequent events requiring disclosure in the financial statements.